

Message Text

SECRET

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12

ACTION SS-30

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TO SECSTATE WASHDC PRIORITY 1109

INFO AMEMBASSY TEHRAN

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

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S E C R E T BAGHDAD 0458

EXDIS

EO 11652: GDS

TAGS: PFOR IZ XF

SUBJ: SHAW AND KING HUSSEIN'S VIEWS ON IRAQ

REF: TEHRAN 6206

1. IN RESPONDING TO IRANIAN REQUEST FOR ASSESSMENT OF RECENT IRAQI DIPLOMATIC MOVES, I BELIEVE DEPT SHOULD TAKE INTO ACCOUNT FOLLOWING:

2. TREND TOWARD BETTER RELATIONS WITH ARABS IS NOT ISOLATED EVENT BUT LOGICAL CONTINUATION OF IRAQI POLICY SINCE IPC SETTLEMENT OF MAR 1973. ALTHOUGH THERE HAS BEEN LITTLE MODERATION OF REGIME'S RADICAL RHETORIC, THIS POLICY HAS RESULTED IN IRAQ'S POLITICAL RAPPROACHMENT WITH WESTERN EUROPE (E.G., RESUMPTION OF DIPLOMATIC RELATIONS WITH WEST GERMANY AND GREAT BRITAIN) AND DRAMATIC SHIFT TOWARD WEST FOR NEW MAJOR ECONOMIC PROJECTS. GREATEST BENEFACTORS HAVE BEEN FRANCE, UK, ITALY, WEST GERMANY AND JAPAN, BUT U S FIRMS HAVE OBTAINED SIGNIFICANT SHARE OF MARKET. AMERICAN FIRMS ARE RE-EQUIPPING AND PROVIDING TRAINING FOR IRAQI AIRWAYS AT COST THAT MAY EXCEED 300 MILLION DOLLARS (BEIRUT 8848). U S FIRMS BROWN AND ROOT,

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BECHTEL, STANDARD DREDGING AND H C PRICE ARE PLAYING KEY

ROLES IN DEVELOPMENT OF NEW TERMINAL AND PIPELINE FACILITIES
IN BASRA AREA AND U S BUSINESSMEN CONTINUE TO FIND WARM,
ALBEIT NON-PUBLIC, WELCOME IN BAGHDAD.

3. NOT SURPRISINGLY, USSR AND EASTERN BLOC COUNTRIES ARE
DISTURBED OVER THRUST OF IRAQI POLICY. THE HAVE, ACCORDING
TO FRENCH AMBASSADOR CERLES, COMPLAINED BITTERLY TO GOI ABOUT
NEW PROJECTS GOING TO WEST, FAILURE OF BATH TO PERMIT ICP
TO SHARE POWER IN ANY MEANINGFUL WAY, IRAQI REFUSAL TO PURCHASE
TU-154 IN PLACE OF BOEINGS, AND EXTENT TO WHICH
GOI HAS RESORTED TO MILITARY MEANS IN ATTEMPTING TO RESOLVE
KURDISH PROBLEM. SOVIETS ARE ALSO DISPLEASED BY SADDAM
HUSSEIN'S VISITS DURING PAST FOUR MONTHS TO INDIA, YUGOSLAVIA,
ALGERIA AND LIBYA, IN ALL OF WHICH HE SOUGHT SUPPORT
FOR NEW NON-ALIGNED POLICY. TITO IN PARTICULAR IS SAID TO
HAVE COUNSELED SADAM TO MEND HIS ARAB RELATIONS IN ORDER
TO ACHIEVE STRENGTH AND STABILITY.

4. BAKR/SADDAM HUSSEIN REGIME STILL LACKS POPULAR SUPPORT AND
MUST RELY ON BAAATH PARTY RANK AND FILE, UNEASY ALLIANCE WITH
ICP, AND SUPPORT OF USSR. SOVIETS REMAIN IRAQ'S ONLY BIG
POWER PROTECTOR AND SOURCE OF ARMS AGAINST POSSIBLE IRANIAN
AGRESSION VIA KURDISTAN OR ALONG BORDER. REGIME MUST
THEREFORE TAKE INTO ACCOUNT SOVIET MISGIVINGS. FRENCH AMBASSADOR
TOLD ME IN STRICT CONFIDENCE THAT, FRANCO-IRAQI PLANNED AGRICULTURAL
SECTOR COOPERATION (BAGHDAD 89) AND NEGOTIATIONS WITH
WESTERN CONSORTIUM (SHELL, CFP, ENI AND BEBA) FOR OIL
EXPLORATION RIGHTS WERE BOTH BROKEN OFF BECAUSE OF SOVIET
PRESSURE.

5. WHILE THERE IS CERTAINLY CAUSE FOR IRANIAN AND JORDANIAN
SUSPICION OF THIS REGIME, THRUST OF POLICY TOWARD NON-
ALIGNMENT, PRAGMATISM AND CONCENTRATION ON ECONOMIC
DEVELOPMENT IS UNMISTAKABLY CLEAR. IT IS TREND THAT
EGYPTIANS ARE NOW ATTEMPTING TO ENCOURAGE AND WE--AND OTHERS
INTERESTED IN REGIONAL STABILITY AND PEACE--SHOULD DO
LIKEWISE. AT VERY MINIMUM, I BELIEVE WE SHOULD INFORM
ITANIANS THAT NEW DIRECTIONS IN IRAQI POLICY SHOULD BE
GIVEN OPPORTUNITY TO DEVELOP.

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